2012

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ACADEMIC ABSTRACT

Entrepreneurs, government officials, and scholars continue to struggle to find ways to establish genuine improvements in business environmental performance. However, successes do exist. We argue that endogenous change in business environmental performance—change not required by governmental regulation—derives from the ideology of institutional entrepreneurs as a mechanism for institutional change. We draw on diverse literature to introduce the concept of an inter-industry ideological group as a mechanism for corporate social responsibility. We discuss how such groups emerge and present a model to explain how they improve environmental performance.

EXECUTIVE SUMMARY

While the notion that corporations' obligations for environmental stewardship extend beyond adherence to specific regulations is now generally accepted, entrepreneurs, government officials, and scholars continue to struggle to find ways to establish genuine improvements in business environmental performance. However, successes do exist. We argue that endogenous change in business environmental performance—change not required by governmental regulation—derives from the ideology of institutional entrepreneurs as a mechanism for institutional change.

We draw on diverse literature of institutional entrepreneurship, business environmental performance, and strategic groups to introduce the concept of an inter-industry ideological group. We discuss how such groups emerge and present a model to explain the process through which they improve firm environmental performance. We illustrate our model with examples from the case of 1% For the Planet (1% FTP) which we argue is an inter-industry ideological group, founded by entrepreneur and Patagonia, Inc. founder Yvon Chouinard.

We conclude by discussing how inter-industry ideological groups can influence the emergence and diffusion of new environmental norms and innovative practices through and across industries. Understanding the process of change enacted by inter-industry ideological groups provides knowledge to assist entrepreneurs and policy makers seeking to improve corporate social responsibility and environmental performance in particular. We highlight how entrepreneurs can change the institutional pressures on other firms through their own exceptional environmental performance. By becoming members in groups of firms with similar ideologies, entrepreneurs enhance their performance and the performance of other firms.

INTRODUCTION

Until recently, an axiomatic premise of the traditional North American business model was that businesses exist solely to maximize profit. In the face of increasing environmental concerns, members of the public interest, business, government, and academic communities have argued that businesses are responsible for more than generating profits and should respond to the needs of multiple stakeholders, including the communities in which the businesses operate (Freeman, 1984). From this perspective, businesses should be accountable for environmental sensitivity and the responsible use of resources, among other things. However, while the notion that businesses' obligations for environmental stewardship extend beyond adherence to specific regulations is now generally accepted, entrepreneurs, government officials, and scholars continue to struggle to find ways to establish genuine improvements in business environmental performance.

Successes do exist. A few well-known firms such as Patagonia, The Body Shop, and Ben and Jerry's (Mirvis, 1994) have become public icons—business environmental superstars—known to the public through case studies and media profiles. However, while case studies and profiles in the popular and academic press document the specific actions taken by these individual entrepreneurs, we know much less about the roots of their environmental commitment; how they developed their environmental strategies; how their strategies have co-evolved with those of other business environmental superstars, and how, or if, their environmental strategies influenced less environmentally concerned firms.

Current social and environmental dilemmas such as global warming, declining natural resource reserves, poverty in developing nations, and the worldwide drive for economic development indicate the extreme need for improved environmental business performance. Establishing genuine change that extends beyond a few unique firms will require the institutionalization of new norms, rules, and organizational practices through and across industries. Institutional change has been viewed as rare, slow, and largely driven by exogenous changes in policy (Scott, 2001). Such explanations provide limited hope for those seeking significant improvement in business environmental performance, as governments often prove slow or reluctant to enact regulations. However, recent conceptions suggest that individuals and organizations acting as institutional entrepreneurs (Aldrich & Fiol, 1994; Powell & DiMaggio, 1991) are a mechanism for institutional change.

We draw on these recent conceptions of institutional change to explore how the actions of a few exemplary entrepreneurial firms might generate improvements in environmental business performance. We argue that endogenous change in business environmental performance—change not required by governmental regulation—derives from the ideology of institutional entrepreneurs. We draw on diverse literature to introduce the concept of an inter-industry ideological group. We discuss how such groups emerge and present a model to explain the process through which they improve firm environmental performance. We illustrate our model with examples from the case of 1% For the Planet (1% FTP) which we argue is an inter-industry ideological group, founded by entrepreneur and Patagonia, Inc. founder Yvon Chouinard. We conclude by discussing how inter-industry ideological groups can influence the emergence and diffusion of new environmental norms and innovative practices through and across industries.

This paper is organized as follows. We begin by briefly reviewing the literature exploring the role of institutional entrepreneurs in influencing change and the role of firms in improving environmental performance. We then discuss ideologically driven environmental performance, introducing the concept of inter-industry ideological groups and presenting our model explaining how such groups influence firms' environmental performance. We conclude by discussing the implications of our model, detailing the role of group member organizations, which act as institutional entrepreneurs (Aldrich & Fiol, 1994) to effect wider change and, suggesting areas for further research.

INSTITUTIONAL ENTREPRENEURS AND FIRM ENVIRONMENTAL PERFORMANCE

The acceptance of the notion that businesses' obligations for environmental stewardship extend beyond adherence to specific regulations is driven by changes in underlying institutions—the social rules, norms and rituals—that govern and support North American business (Hoffman, 2001). Likewise, significant improvements in firm environmental performance require changes in institutionalized practices and criteria. However, the taken-for-granted nature of institutions suggests that they are very difficult and slow to change.

The Role of Institutional Entrepreneurs in Institutional Change

The central argument of institutional theory is that institutions matter: organizations are influenced by an environment made up of taken-for-granted institutions and other organizations responding to the institutional environment and each other (Scott, 2001). The focus on the taken-for-granted aspect of institutions led to criticisms that institutional theory could explain only static, homogenous populations whereas observation illustrates that institutions change over time and are challenged and contested (Dacin, Goodstein, & Scott, 2002). The seemingly contradictory problem of how institutionalized norms and practices change has been the focus of increasing interest in entrepreneurship and organization studies.

Arguing that to explain institutional change researchers must consider interested actors, DiMaggio (1988) introduced the concept of institutional entrepreneurship. A critical principle of institutional entrepreneurship is that institutional change may be attributable to the efforts of intentional actors (DiMaggio, 1988; Garud & Karnoe, 2003). These actors may be people, groups of people, or organizations who participate in defining and advocating the new institution. The topic of institutional change has since emerged as a central focus for management researchers of organizations (Dacin et al., 2002). Subsequently, institutional entrepreneurship has been identified as mechanism of organizational and social change (Campbell, 2005; Davis & Marquis, 2005).

Recent research has demonstrated that through their "perceptions, interpretations, and enactments of institutional logics…[actors] give meaning and life to institutions" (Dacin et al., 2002, p. 47). Acknowledging the requirements of collective action and the similarities between the creation of new institutions and social movements, researchers have called for the application of social movement theories and methods to the study of institutional change (Dowell, Swaminathan, & Wade, 2002; Swaminathan & Wade, 2001). Those promoting new institutions

"Often…overcome substantial obstacles through collective strategies that bear an uncanny resemblance to activities and strategies adopted by organizations that spearhead social movements" (Dowell et al., 2002, p. 286).

Social movement scholars have noted that groups protesting around such non-class issues as the environment did not have long-standing collective interests based on an essential aspect of identity such as nationality or race, but rather had to construct a new collective identity (Polletta & Jasper, 2001). This has led to an increasing interest in the construction of collective identities and their role in these types of social movements. Identity construction in these movements involved collective agency, changed social norms, and created mobilizing networks. Similarly, institutional entrepreneurship involves collective agency as a transformation mechanism enacting change from micro to macro levels (Hedstrom & Swedberg, 1998).

Scholars of identity based social movements note that these movement collectives are consciously self-reflexive (Laraña, Johnston, & Gusfield, 1994; Melucci, 1997). In these types of movements, identities are constructed as individuals intentionally coordinate their actions. This "collective agency" involves a conscious sense of the group as an agent, efforts to control and transform the social environment, and enactment in a moral space (Cerulo, 1997).

Business Environmental Performance

Researchers of organizations and the natural environment have identified factors that influence environmental performance. These include influences at the firm and industry levels (Etzion, 2007). This research has identified attributes associated with superior firm environmental performance, demonstrated the competitive advantages that accrue to such firms, and supported the need to understand the role of important stakeholders such as consumers and regulators. However, genuine, extensive improvements in environmental performance also require an understanding of the mechanism through which the underlying norms, rules, and innovative practices emerge and develop.

Researchers have devoted considerable attention to identifying specific firm attributes that are associated with superior environmental performance. In a review of this literature, Etzion (2007) identifies the following key attributes: innovativeness, workforce perception, integration of multi-stakeholder perceptions, and knowledge and information flow. Etzion argues, "the unifying theme of these attributes is their complexity and inimitability, suggesting that improved environmental performance is made possible through possession of rare resources" (p. 640).

An integrated and sincere focus on proactive environmental strategies leads to the development of inimitable, nontransferable, and sometimes valuable resources for the firm (Barney, 1991; Russo & Fouts, 1997). Drawing heavily on the resourced-based view (RBV) (Barney, 1991), this literature suggests that when firms perceive environmental issues as opportunities to improve competitiveness, their tendency to develop forward thinking environmental strategies is enhanced (Sharma, 2000). An integrated and sincere focus on proactive environmental strategies leads to the development of inimitable, nontransferable, and sometimes valuable resources (Barney, 1991; Russo & Fouts, 1997). Because the sincere commitment to the generation of

strategies to improve environmental performance develops over a long time period, these strategies are difficult to imitate (McGee, 1998).

While this literature shows that sincere attempts to improve environmental performance can increase firm competitiveness, questions important to those researching at the intersection of entrepreneurship and the natural environment and those seeking widespread acceptance of sustainable business objectives remain unanswered. While we know that the end result of a commitment to environmental performance may lead to increased competitiveness, observation indicates that this is rarely the initial motivation behind such strategies (Bansal, 2005). There *are* businesses that successfully improve their environmental performance, but these entrepreneurs are not motivated to capture the green consumer or even able to demonstrate an *ex ante* profit potential, but because they are environmentally progressive and are seeking to change the way in which they do business (Mirvis, 1994; Prakash, 2001). Accumulated evidence shows that increased environmental performance leads to increased competitiveness but does not explain completely how improvements in environmental performance arise. A better understanding of how the innovative practices which lead to enhanced environmental performance emerge and are adopted will contribute to the body of research exploring organizations and the natural environment and provide knowledge to assist entrepreneurs and policy makers seeking to improve corporate social responsibility and environmental performance in particular.

Given the far-reaching environmental impacts of certain industries, considerable attention has been devoted to research at the industry level of analysis. Not surprisingly, many have focused their attention on industries with greater environmental impact (Christmann, 2000; Hoffman, 1999; Hoffman, 2001; King & Lenox, 2000; Orsato, den Hond, & Clegg, 2002; Russo & Fouts, 1997; Sharma, 2000). Highly environmentally degrading industries, such as chemical and energy, are often regulated. The environmental progress fostered by regulatory policies varies greatly across industries (Hunt, Auster, & Winter, 1990). Likewise despite isomorphic pressures, industry regulation results in varying degrees of environmental performance (Milstein, Hart, & York, 2002) as managers interpret requirements differently (Delmas & Toffel, 2004). Thus, regulation alone cannot be counted on to result in progressive environmental strategies.

Similarly, truly innovative environmental performance does not result from stakeholder pressure or industry self-regulation. Managers and entrepreneurs selectively adopt beyond-compliance policies heterogeneously as a result of institutional and stakeholder pressures (Prakash, 2001). Stakeholders who seek environmental performance improvements are rarely driven by a desire for the same outcomes as businesses. These constituencies evaluate practices and outcomes through different lenses, designated by their particular beliefs, and have competing agendas, which are often resolved by compromise resulting in less than optimal improvement (Prasad & Elmes, 2005).

Industry self-regulation has generated mixed results. Businesses often join self-regulation groups to signal environmental concern rather than to make substantive changes (King & Lenox, 2000; Orsato et al., 2002). Such “greenwashing” is unlikely to lead to continuous improvements in environmental performance. Additionally, environmental laggards may use industry self-regulation groups, such as associations, to signal strategies rather than invest in them. Furthermore, the operational guidelines of self-regulatory groups are usually nonbinding

(Christmann, 2004). While one much studied, notable exception, the chemical industry's Responsible Care program, does police its members (Hoffman, 2001; King & Lenox, 2000), the overall effect of self-regulatory groups on environmental performance is at best unpredictable and varied. Additionally, industry self-regulation does not encourage the spread of innovative environmental practices beyond industry boundaries. Despite these challenges, positive change does occur.

Positive change can result from both external forces and internal processes. As stated by Griffin, "Though external factors create incentives and expectations for firms, intrafirm dynamics are likely to influence how managers perceive, interpret, and translate these external pressures into actionable items." (2000, p. 485). Prakash (2001) has examined how managerial interpretation of external pressures in conjunction with the mechanisms of power base and leadership base adoption processes lead to heterogeneous selection beyond compliance policies for corporate social responsibility within firms. Selective beyond-compliance policies are adopted because of managerial interpretation of external pressures. Rather than examining intrafirm responses to external pressures, our paper examines the mechanism of institutional entrepreneurship and how it changes external pressures to influence change within and across industries.

Progressive organizations have changed the institutional pressures on other firms through their own exceptional environmental performance. Mirvis (1994) identified several businesses with superior environmental performance, including Ben & Jerry's, the Body Shop, and Patagonia. The author conducted a case analysis to develop dimensions of environmentalism in progressive businesses. The study highlights the influences of entrepreneurs on firm environmental performance but does not explore how the innovative practices of these firms might diffuse through and across industries to generate widespread improvements. Mirvis emphasizes the value of studying how inter-organizational partnerships and networks influences change in environmental practices and attitudes (1994, p. 98). We know little of the mechanisms behind the emergence of such partnerships or how they influence the diffusion of new environmentally sensitive norms, rules and practices.

IDEOLOGICALLY DRIVEN ENVIRONMENTAL PERFORMANCE

Researchers in organization theory have used the term ideology in varied and conflicting ways (Weiss & Miller, 1987). In our discussion, we take ideologies to be "logically integrated clusters of beliefs, values, rituals, and symbols" in accordance with the definition offered by Starbuck (1982, p.3). Specifically, we are examining the role of organizations with a sustainable business orientation, which we identify as a pro-environment ideology. A pro-environment ideology encompasses an overarching concern for protecting the environment such as indicated by the mission of 1% For the Planet: "Use market forces to drive positive environmental change by inspiring companies to give" (1% For the Planet, 2007).

In light of growing consumer concern with green products, entrepreneurs cannot help but be aware of the impact of their environmental behavior, or at least consumers' perceptions of their behavior. While for many entrepreneurs, this recognition may lead to attempts to meet the environmental demands of stakeholders, firms cannot achieve competitively important outcomes simply by interacting with stakeholder groups. Because the natural environment is a socially

constructed idea, and so has no representative stakeholder able to speak authoritatively for its needs (Goldman & Schurman, 2000), stakeholder groups are not uniform in their requests, and in fact have widely varying expectations and interests.

Individuals involved in environmentally focused businesses are often motivated by ideology (Hoffman & Ventresca, 2002) and are likely to seek real performance improvements, irrespective of the demands of stakeholder groups. However, as business people in for profit organizations, they channel their ideological motivations through an economic lens. Entrepreneurs must consider their financial success when examining their environmental performance. They cannot simply base their environmental performance on their ideals, but must also consider technical, competitive, and strategic outcomes (Howard-Grenville, 2002). Thus, firms must innovate to create new norms and practices that support traditional business outcomes as well as their ideologically driven goals.

Inter-industry Ideological Groups

While institutional theorists have shown that mimetic pressures within organizational fields lead to isomorphism, observation shows that heterogeneity in strategy and performance exist. Seeking to account for intra-industry variation in both firm behaviors and performance, Hunt (1972) examined differential performance of firms in the American home appliance industry. Hunt proposed that the existence of strategic groups—groups of firms within an industry following the same or a similar strategy—explains the behavior and performance differences. We draw on this literature to suggest that differences in environmental performance, which distinguish environmental superstars from their within-industry competitors, arise when similarly interested firms from different industries form an inter-industry ideological group.

We define inter-industry ideological groups as groups of firms from different industries united by a common ideology and desire to act on it. While we draw on concepts of the strategic group literature, we emphasize that we are conceptualizing a group of like-minded firms *across* industries. We argue that in the case of an inter-industry ideological group, a common ideology replaces industry membership to form the basis for a collective identity, behaviors, and strategies in a manner similar to that of industry strategic groups.

Researchers have argued that strategic groups are based on managers' categorizations of their competitors (Porac & Thomas, 1990; Porac, Thomas, Wilson, Paton, & Kanfer, 1995). Strategists from rival firms develop similar mental models of the competitive arena when they face similar technical and material problems and exchange information. Social exchange leads to a shared understanding of how to compete throughout a community of firms (Baum & Lant, 2003; Porac, Thomas, & Badenfuller, 1989).

This shared understanding between members of the strategic group becomes an industry recipe, the group's collective agreement on how to compete successfully within the industry (James, 1997; Porac & Thomas, 1989). Recipes are industry level, supra-individual cognitive structures, which suggest business strategies and practices (James, 1997) born of influential professionals united by shared beliefs. These individuals form an "epistemic community" and their consensus is legitimized by their reputations.

We argue that inter-industry ideological groups emerge and operate in a similar fashion, with ideology providing the initial attraction between group members. Because the firms are not competing directly with each other in an industry, competition takes the form of "friendly rivalry." Firms with similar ideologies identify and categorize other like-minded firms. Those categorized as "like-us" on the focal issue become referents. Influential individuals from "rival" firms develop similar mental models of the ideological arena when they face similar technical and material problems and exchange information. As with a strategic group, social exchange leads to a shared understanding of how to achieve performance on the issue throughout a community of firms. An inter-industry ideological group of institutional entrepreneurs diffuses new norms and practices changing the institutional environment.

1% For the Planet[1]

In order to illustrate this concept, we use examples from 1% FTP as an inter-industry ideological group and its founder, Yvon Chouinard, as an institutional entrepreneur. 1% FTP is a not-for-profit, inter-industry group founded by Yvon Chouinard. The organization seeks to improve the health of the environment and to encourage environmentally sustainable business practices. It grew from its founder's experience in his for-profit company, Patagonia, Inc. and his desire to join with like-minded business people. Chouinard founded his first for-profit business, Chouinard Equipment, with Tom Frost in 1965. By 1970, the company was the largest U.S. supplier of climbing hardware and an environmental villain. Pitons, comprising 70% of the company's business, did irreparable harm to climbing routes.

In 1972, Chouinard made his first risky business decision in favor of environmental concerns. He stopped supplying pitons arguing instead in favor of non-damaging aluminum chocks. The decision was a success. The piton business dried up and chocks became the industry standard. In the early 1970's when the number of clothing items, which were originally focused on climbers, grew, Chouinard founded Patagonia, Inc. to expand the clothing line. Early on, a group of Patagonia employees attending a city council meeting to help protect a local surf break heard a young biology student speak in support of protecting the Ventura River from proposed development. The company gave the student office space, a mailbox, and small donations and the development project was thwarted. In 1986, Patagonia made a commitment to donate 10% of profits, later changed to 10% of profits or 1% of sales, to grassroots environmental efforts such as the one that prevented the development that threatened the Ventura River. The company then began steps to reduce its own pollution, switching to recycled paper for the catalogs and developing a fleece made of recycled polyester.

In addition, Chouinard founded two not-for-profit organizations to support environmental causes and advocate a more sustainable business model: 1% FTP—an alliance of diverse businesses "committed to leveraging their resources to create a healthier planet" (1% For the Planet, 2005)—and The Conservation Alliance—an organization of outdoor businesses that support grassroots citizen-action groups and their efforts to protect wild and natural areas. Like Patagonia, these organizations advocate a new business model as illustrated on the 1% FTP website: "1% FTP has been receiving a steady stream of inquiries from potential new business members …We hope this groundswell of action continues and results in a redefined way of doing business!" (1% For the Planet, 2005).

Through these three organizations, Chouinard and the organizations he founded have acted as institutional entrepreneurs, actively seeking to mobilize other for-profit organizations to generate and share innovative practices to increase firms' environmental performance. The mobilization efforts included the generation of a "sustainable business" identity supported by a common pro-environment ideology as illustrated by the following excerpts from the organizations' web pages.

> Become a member of this socially and environmentally progressive group… affect real change…receive other benefits: The satisfaction of paving the way for more corporate responsibility in the business community and the recognition, support and patronage of conscientious consumers who value members' serious commitment to the environment (1% For the Planet, 2005)

> Membership in our own industry's conservation organization sends a strong message to consumers, competing interest groups and government decision makers about our industry's commitment to the jobs, and spiritual and recreational values contained within our nation's open spaces. Ultimately, the Alliance believes that more than any other group, this industry should be giving back to the landscapes on which its customers recreate, and the Conservation Alliance is the ultimate venue by which to do so. (The Conservation Alliance, 2005)

A Model of Inter-Industry Ideological Group Development

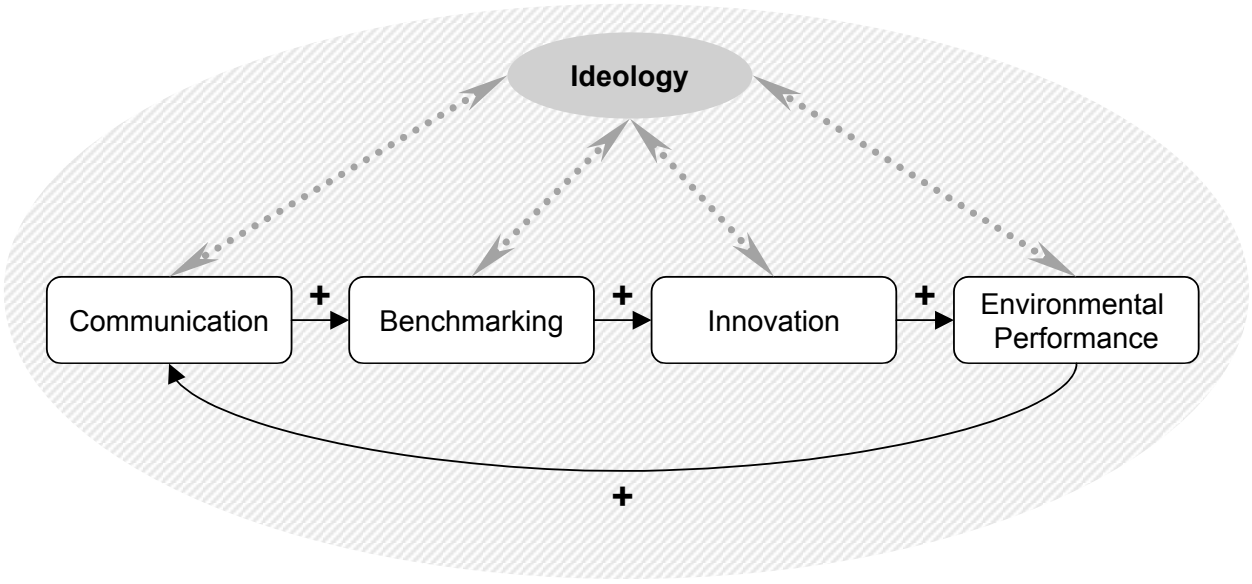
We propose that a mechanism for continuous improvement of firm environmental performance occurs when a deviation-amplifying process (Maruyama, 1963) unfolds across the network of similarly interested firms we have defined as an ideological inter-industry group. Such cycles involve mutual casual relationships that amplify an insignificant or accidental initial deviation. This initial deviation builds, such that outcomes may diverge significantly from the initial condition. These types of processes are ubiquitous: they are so-called viscous cycles when the results they generate are perceived as negative. Positive results from such processes include capital accumulation in industry, the evolution of living organisms, and rise of cultures (Maruyama, 1963).

As explained by Maruyama (1963), the outcomes of such processes do not transpire as a result of either the initial conditions or deviation alone. Rather, they accumulate as a result of the interaction and feedback between the two. A deviation-amplifying process amplifies an initial deviation in a cycle whereby the influence exerted by one element of the process loops back to itself through other elements. Thus, an increase in one element of the process (A) leads to increases in another element (B), which in turn leads to an increase in the initial element (A). Importantly, the effects can accrue in the opposite direction as well. A decrease in an element (A) will lead to a decrease in element (B), which will in turn lead to a decrease in element (B).

As depicted in Figure 1, we conceptualize this process as composed of elements – communication, benchmarking, innovation, and environmental performance – driven by a common ideology. The black arrows in the model depict the direction of influence and the +'s indicate that a change occurs in the same direction, but not necessarily positively. Thus, a + indicates that an increase in one element leads to an increase in the other and a decrease in the

element would lead to a decrease in the other. So for example, as we will explain in detail below, an increase in communication generates an increase in benchmarking which generates an increase in innovation, which in turn generates an increase in performance, leading back to an increase in communication. Ideology forms a supporting context indicated by the background oval. Additionally, the ideology both supports and is strengthened by the other elements as indicated by the dashed grey arrows.

FIGURE 1
Ideologically Driven Improved Environmental Performance



The loop formed by the arrows indicates the presence of mutual causal relationships. A mutual causal relationship exists when a change in the size of any of the elements influences the size of the others (Maruyuma, 1963). Thus, changes in each element are both cause and outcome. So, for example, an increase in firm environmental performance—our outcome of key interest—results from increases in the other elements *and* eventually causes further increases in firm environmental performance. Additionally, as depicted by the background gray circle, we argue that ideology forms a context and shared identity, which facilitates the creation of inter-industry ideological groups. The inter-industry ideological groups fuel institutional entrepreneurship changing institutional pressures on other firms.

Ideology. Ideology forms a context facilitating an initial attraction between individuals and initiating development of inter-industry ideological groups. It provides a foundation for the development of a collective identity, "cognitive, moral and emotional connections with a broader community, category, practice or institution" (Polletta & Jasper, 2001, p. 284). Social recognition of a collective identity can change dominant normative expectations. Scholars of social movements have observed that in some movements participants seek recognition for new identities rather than political or economic concessions (Melucci, 1997). An identity is not

imposed on these groups by political or legal systems, rather these groups, such as feminists and environmentalists, construct new identities. They seek to change normative and cultural codes by gaining recognition for the new identity (Polletta & Jasper, 2001).

By recognizing the existence of "environmentalists," society acknowledges an ideology made up of a set of values and perceived problems and solutions. Whether or not one agrees with the values advocated by the newly identified collective, widespread recognition creates expected norms for that group. Specific behaviors and values are expected of environmentalists.

Intra-industry ideological groups promote a set of expectations and values congruent with their ideology. For example, according to Chouinard, sustainable businesses are those that seek to reduce their impact on the environment, support environmental causes and civil democracy, and attempt to influence other companies (Chouinard, 2005). Membership in 1% FTP, Chouinard states, "…allows customers to distinguish between serious environmental commitment and empty rhetoric" (1% For the Planet, 2005).

Ideology is also an element of our model. An increase in any one of the other elements will support a strengthening of ideology. For example, while Patagonia founder Yvon Chouinard had a long interest in environmental causes, the firm did not originally project a strong environmental ideology. The firm's decision to provide office space, a mailbox, and small donation in support of an environmental cause was amplified when that initial innovation was successful, generating increased communication and visibility and encouraging similar actions. With each success, the pro-environment ideology was reinforced encouraging additional action.

Communication. Innovators in an emerging network face a unique problem of seeking to form collective support for innovations and activities for which there may be no widely understood language (Hill & Levenhagen, 1995). Communication must occur about the new something, which does not yet exist. A shared ideology facilitates the creation of common terminology and mental models across the network.

Once businesses have started interacting through their common interest in an ideology, and develop a common lens with which they approach this issue, greater communication develops over this network of interested businesses. It has been shown repeatedly that the internal flow of information improves firm environmental performance (Lenox & King, 2004; Sharma, Pablo, & Vredenburg, 1999). The same improvement is true for flow of information: as information flow improves, for example, as firms seek out and receive expert information from suppliers, environmental performance improves (Geffen & Rothenberg, 2000). Many studies have shown that networks assist organizational learning by establishing conduits for passing tacit knowledge, learning, and innovation (Hamel, 1991; Kogut, 1998; Powell & Brantley, 1992). In addition, valuable information is more likely to be effectively transferred if the source of the information is known to the recipient (Levitt & March, 1988). The development of inter-industry ideological groups will thus enhance communication and the transfer of valuable information applicable to the organizing ideology.

Benchmarking. The common terminology supports the development of an information architecture, which supports benchmarking against one another's environmental performance.

Increased performance in environmental sustainability, like any other area of performance, is enhanced by interaction with other organizations pursuing similar goals, in this case, other progressively environmental businesses. Referent groups are used by organizations for benchmarking. (Ketchen, Snow, & Hoover, 2004) and it has been shown that imitation follows network ties (Ahuja, 2000).

Referent groups within industries, as discussed in the strategic groups literature, provide no incentive in pushing firms to overcome the institutional pressures within their industry. However, inter-industry ideological groups are not harnessed to a single industry's institutional norms, instead creating referent groups between and beyond industry institutions. This allows firms to benchmark across industries, outside of the conformity-inducing norms, and therefore to exceed industry standards in the area the ideological group addresses. Ideologically motivated organizations are thus able to benchmark against the best businesses in a given area, such as environmental sustainability, rather than the best in their industry. This inter-industry diffusion of practices results in greater environmental performance improvements.

Inter-industry benchmarking allows firms to escape the mimetic pressures of their industries, generating innovative practices and implementing innovations developed in other industries leading to enhanced environmental performance. Exceptional environmental performance positions these firms as environmental leaders in their home industry, further reinforcing their commitment to a pro-environment ideology, and creating an impetus to make further improvements.

Innovation. Because of their commitment to the ideology of environmental sustainability, inter-industry ideological group members will work to improve not only their individual environmental performance, but also that of all members of the group. Because the inter-industry ideological groups include members who are not in direct competition, they are particularly likely to share knowledge across organizational boundaries (Bouty, 2000). Competing for recognition and glory rather than resources, fosters improvements without limiting collaboration and information sharing.

Many studies of biotechnology highlight innovation that occurs within the networks of organizations (i.e. Powell, Koput, & Smith-Doerr, 1996). Knowledge sharing is possible because the network connections are developed and enhanced through shared ideology, communication, and mutual success, allowing the group to share critical resources, such as competencies (Dyer & Singh, 1998). Increased innovation leads to improved environmental performance (Christmann, 2000; Sroufe, Curkovic, Montabon, & Melnyk, 2000).

Improved Environmental Performance. When firms within the group achieve improved environmental performance, they are encouraged to communicate their successes and methods by their shared ideology and friendly competition. As discussed previously, the shared ideology supports an interest in improving the performance of all group members toward the end goal, in the case of this discussion, widespread business sustainability, and environmental protection. Friendly competition, the inter-industry ideological group corollary to strategic group rivalry, also encourages the communication of environmental performance improvements and methods among group members. This completes the cycle of deviation amplification through mutual

causal relationships. An increase in any one of the elements leads to amplification of environmental performance and a continuation of the cycle and a re-dedication to the ideology of environmental sustainability.

CONCLUSION

We have argued that current literature does not explain the process through which a few widely known environmental superstars achieved performance successes. To address this gap, we have introduced the concept of an inter-industry ideological group and presented a model illustrating the mechanism for increasing firm environmental performance in a deviation amplifying cycle within such a group. We argue that endogenous change in business environmental performance—change not required by governmental regulation or existing industry norms—derives from the ideology of institutional entrepreneurs.

We speculate that the improvements made by members of the inter-industry ideological group also influence the expectations and performance of their home industries suggesting how change might then diffuse within industries. Because they innovate outside the institutional limitation of their industry, group members become industry leaders in environmental performance. If successful, these higher standards can become new industry norms, leading other firms within the industry to conform, and spreading higher standards for environmental performance.

We have illustrated our discussion with an example of one inter-industry ideological group. 1% For the Planet highlights the importance of ideology as an attractive force for the creation of an inter-industry ideological group. This is the beginning of our research to understand inter-industry influences on corporate social responsibility by firms. We intend in future studies to identify additional inter-industry ideological groups in order to test our model. Finding tractable data is challenging, but potential sources of empirical data could be comparative case studies or business communications.

This paper contributes to the understanding of how industries can endogenously change and how practices can be adopted across industries. Through our model, we have shown that endogenous change occurs within industries because of outside networking and benchmarking driven by ideology. In the area of organizational theory, this model influences our understanding of institutional change and institutional entrepreneurship. In the area of entrepreneurship this model explains how individuals can shift the industrial landscape, dramatically affecting firm performance. Ultimately, the proposed model seeks to explain how the actions of a few exemplary entrepreneurs can generate endogenous improvements across multiple industries.

ENDNOTE

1. Patagonia Inc.'s history is excerpted from the organization's web page.

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